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20 March 1964

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT: Transmittal of Second Monthly Report on 1964
Prospects for Agriculture in Communist
Countries

The attached papers are the second in the series of monthly reports on the current 1964 outlook for agriculture in Communist countries. They have been prepared in response to a request from the DCI relayed to us [redacted] We have broadened out the coverage to include North Korea and North Vietnam.

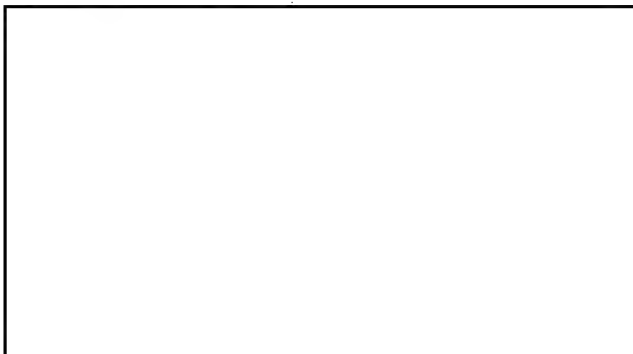
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OTTO W. QUINN
Assistant Director
Research and Reports

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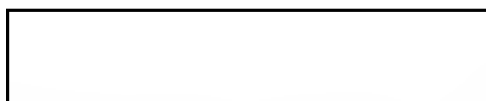
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Prospects for Agriculture in Communist Countries, 1964

1. USSR

As of mid-March crop prospects in the USSR continued to be somewhat better than at the same time a year ago. Soil moisture conditions are good to excellent in almost all of the most important agricultural areas. In the republics of Central Asia and the Transcaucasus the sowing of small grains has already started and the supplemental application of fertilizers to winter grains is underway in some areas. Despite below normal precipitation in February, moisture reserves in the New Lands areas of Kazakhstan and Siberia are well above those for 1962 and 1963, and prospects for the 1964 crop appear favorable at this time.

Although a record area of about 45 million hectares (111 million acres) was seeded to winter grain in the fall of 1963 (for harvest in 1964), the extent of the area which suffered from the fall drought and possible winterkill is not known at this time. Three separate reports -- from Odessa, Vinnitsa, and Moldavia -- indicate that extensive reseedling will be required in these southern areas. Heavy snow falls during February in the Central regions have improved conditions for winter crops in those areas, and the Soviets have indicated that the condition of these winter crops is good.

Grain procurement plans for Kazakhstan and the RSFSR and official Soviet statements indicating that the grain area will not be reduced significantly in 1964 suggest that the Soviets are making an all-out effort to recover from the disastrous wheat crop in 1963 and will not implement extensive dryland farming practices in the New Lands in 1964.

Furthermore, a reduction in the 1964 procurement plan for cotton below the level of 1963 suggests that some of the irrigated land which normally would be planted to cotton may be devoted to grain, probably wheat or corn. Additionally, the Soviets have indicated that some of the reseedling required in the winter grain areas will be in spring wheat -- again, an unusual practice. The area to be planted to sugar beets is to be expanded by one-third, in an apparent effort to recover from the very poor sugar beet crop in 1963.

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Current prospects for the production of livestock products are not favorable. Underfulfillment of current procurement plans for milk and eggs and overfulfillment of the meat plan reflect the very tight feed situation. Some reduction in herds, including breeding stock, is still taking place, but future supplies of meat will suffer because of the need to rebuild herds.

2. The European Satellites

The condition of winter grains (wheat, rye and barley) as of mid-March was more favorable than at the same time last year in all of the European Satellites except Rumania and Bulgaria. In Rumania and Bulgaria drought conditions continue to prevail throughout the major grain areas, resulting in thin underdeveloped stands of winter wheat. Thus, a below-average wheat crop is currently forecast for these two countries. For the other Satellites, as of 1 March, soil moisture was adequate for winter grains. Acreage of winter wheat reportedly is larger than in 1963 in most Satellites. The impact of this increased acreage on total grain acreage or on total wheat acreage is not yet known.

The planting of spring crops, including spring grain, potatoes and sugar beets, is currently in process. Rumanian and Bulgarian farmers must contend with the problem of poor soil moisture at seeding time. Most farming areas in these countries must have normal to above normal precipitation in the next six weeks or both the acreage and yields of spring planted crops will be adversely affected. The spring months in the Balkans are critical for building up soil moisture reserves because the summers are normally dry.

Total grain import requirements of the European Satellites are expected to remain relatively high in 1964 in spite of good prospects for the winter grain crop in the Northern Satellites. Evidence continues to point to decreased dependency of the Satellites on Soviet grain. East Germany recently joined Bulgaria, Czechoslovakia, and Poland in signing three-year agreements for imports of French and/or Canadian wheat.

3. Communist China

Prospects for Communist China's winter (fall seeded) wheat continued to be favorable through February because of generally above-normal precipitation during the winter months. Soil moisture reserves appear to be high in most of China's major summer (spring sown) grain and industrial crop regions. Although these crops will not be sown until April and May, conditions appear to be greatly improved over last year. However, if in March and April there is a continuation of the excessive precipitation which has occurred during the past few months in portions of Central and East China, planting may be delayed in these areas and crop production could be adversely affected.

4. North Korea

As of mid-March, prospects for conditions at seeding time appeared to be relatively good in North Korea. The major agricultural crops are sown in late April and early May, and the yields of these crops are largely dependent upon precipitation during the summer months. Near average winter precipitation, combined with unusually high winter temperatures, should be beneficial to the regime's plan to substitute upland (non-irrigated) rice for corn over a relatively large area.

5. North Vietnam

The prospects for North Vietnam's spring (May harvested) rice crop appear to be mediocre. This crop accounts for about one-third of the annual rice harvest. The transplanting plan was not fulfilled because of cold weather and mismanagement. However, moisture conditions at the time of transplanting were much more favorable than last year.

Despite last year's poor rice harvests, the North Vietnamese are expected to meet the tight food situation this spring by emphasizing rapid-growing vegetables and other subsidiary foods and by importing the balance of their food requirements.

6. Cuba

As of 1 March 1964, we estimate that Cuba had produced 1,375,000 metric tons of sugar compared with 1,170,000 metric tons at the same time last year and 1,273,000 metric tons at the same time in 1962. Of 152 mills, 141 were grinding cane in 1964 compared with 137 mills grinding at the same time last year. Year-to-year comparisons at this stage of progress are not completely reliable guides to total output. Until the latter half of February, last year's harvest was running ahead of the 1962 harvest, but the final 1963 total achieved was one million metric tons below 1962. We continue to believe that the total 1964 harvest will be close to last year's production of 3.8 million metric tons.

The better harvesting showing to date, compared to 1963, is attributable to three factors: (1) an earlier start than in 1963, (2) a more intensive focusing of resources on the sugar industry at the expense of other sectors of the economy, and (3) an improved ability to transfer men and equipment to areas where they were needed.

The season's harvesting started in December, a month earlier than the previous crop. As a result, grinding mills were started up earlier and the harvest thus far has had the benefit. By 27 January 1964, 96 mills were grinding compared with only 74 on the same date last year. Similarly, by 1 March 1964, the harvest had been underway for 76 days compared with only 59 days last year.

The yield of sugar from cane this year has been averaging 10.8 percent compared to 11.7 percent last year at the same time. The lower yield this year is attributable to the early start of the harvest (yields are normally only 8 or 9 percent in December and January before building up to a peak in March and April), the harmful effects of Hurricane Flora, and the abnormally high content of dirt and debris mixed with the cane harvested by the cane-cutting and canalloading machinery. It can be expected that as the harvest proceeds the yields will increase. Nevertheless, the yield this year will probably be one of the lowest in Cuba's history and may not reach 12 percent, compared with normal yields of about 12.5 percent.

Six mills have so far completed their harvesting operations with a combined production of about 57,000 metric tons. Last year these same six mills had produced 74,000 metric tons and in 1962 had produced 115,000 metric tons. The reason given for the poor total this year was a lack of cane. These mills are scattered among the provinces of Matanzas, Las Villas, and Camaguey and there is no indication that they are not representative of all the mills in Cuba. Moreover, Oriente and Pinar del Rio have reported that substantial portions of their available cane have already been harvested.

Replanting in preparation for future harvests appears to be progressing but apparently at the expense of the current harvest and also at the expense of other agricultural products.

The regime's current emphasis on sugar production appears to be having adverse effects on the production of rice, a staple of the Cuban diet. Part of the recent rice crops in Pinar del Rio and Camaguey was lost due to a lack of harrower, machinery, and spare parts. Scheduled delivery of one hundred and fifty Soviet rice combines did not materialize in time to be used in the harvest because of a higher priority given to other items, probably the Soviet excavators. In Oriente, the leading rice and sugar producing province, newspaperman de Onis (NYT) reports seeing rice fields being replanted to cane.

Highlighting the plan to establish cattle production as the second pillar of the Cuban economy, Havana has announced that 13,000 purebred Holstein bulls bought in Canada will begin to arrive in Cuba in April. Given the severe restrictions on cattle slaughtering, the importation of breeding cattle, and the development of artificial insemination techniques it can be expected that cattle numbers will increase significantly during the next year but it appears that the amount of meat available to consumers will remain close to the present low, rationed levels throughout 1964.

The cane-cutting and canalloading machines imported from the Soviet Union in order to alleviate the labor shortage in the cane fields are presenting the regime with unexpected problems. More debris is being delivered to the mills along with the cane, resulting in additional strains on the transportation facilities, a lowering of quality of the sugar produced and some damage to the milling machinery. In addition, the machines are consuming large quantities of fuel.